



HF 2374 – Military Veterans Tax Credits, Battle Area Service (LSB 6093HV)
Analyst: Jeff Robinson (Phone: (515) 281-4614) (jeff.robinson@legis.iowa.gov)
Fiscal Note Version – New

Description

House File 2374 creates two new, one-time, \$350 income tax credits for members of the military that meet specified service requirements. One credit is created for U.S. military veterans that served in active duty during the conflicts in Lebanon, Grenada, and Panama. The second credit is available for veterans that served during conflicts in the Persian Gulf. A taxpayer may only claim one of the credits. Survivors of a deceased veteran may claim the credit. The two credits are refundable and the taxpayer may claim the credit in either tax year 2014 or tax year 2015.

The service periods covered by the credits are:

- August 24, 1982, through July 31, 1984.
- December 20, 1989, through January 31, 1990.

The new credits apply retroactively to January 1, 2014, and are repealed January 1, 2016.

Assumptions

- For each of the two periods, 16,000 Iowa resident veterans are assumed to qualify for the credit.
- This Bill allows for only one credit per veteran. Thirty percent of the veterans are assumed to have served during both periods.
- The refundable tax credit is \$350.
- Seventy-five percent of qualified taxpayers are assumed to claim the credit in tax year 2014 and 25.0% in tax year 2015.
- As refundable credits, the new credits do not impact the local option income surtax for schools.

Fiscal Impact

The two new, one-time tax credits created in this Bill are projected to reduce net General Fund revenue by:

- FY 2015 - \$7.1 million
- FY 2016 - \$2.4 million

There is no additional fiscal impact beyond FY 2016.

Sources

U.S. Department of Veterans Affairs
Center for Research on Military Organization (University of Maryland)
Iowa Department of Revenue

/s/ Holly M. Lyons

March 11, 2014

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
